

DHRM COMPENSATION BULLETIN

Compensation for State Employees FY 2009

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UCA 67-22-2
HB 4, HB 202

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Legislative Language

House Bill 4:

- Provides a total Cost-of-Living Adjustment of approximately 5.0% for state employees.
- Consists of a 3.0% general Cost-of-Living adjustment (COLA), and a supplemental 2.0% COLA, which was funded through changes to the medical benefit program.
- Realigns contributions to employee medical benefit plans, eliminating subsidies to the PEHP Preferred Care Plan by Advantage Care and Summit Care. This change results in higher contributions for employees enrolled in the PEHP Preferred Care Plan.

House Bill 202:

- Provides for the state auditor, treasurer, appointed executive directors, employees in the Governors Office, senior staff in the Governor's Office of Planning and Budget, Economic Development and Commission on Criminal and Juvenile Justice, and legislative employees to convert their accrued URS defined benefit retirement balance and convert it to a URS defined contribution program (401(k)).
- Gives other employees in these offices the opportunity to exempt themselves from the defined benefit plan. If an eligible employee elects this option, accrued benefits will be frozen, and payable upon retirement. Future retirement plan contributions will be made to the URS 401(k) plan. The defined benefit exemption and defined contribution election is prospective.
- Affects approximately 85 state employees. Each will be contacted individually and informed of eligibility and options in a letter issued by local human resources.

General Salary Adjustments

- Cost-of-Living Adjustment – The COLA is effective June 28, 2008, and will take effect with the July 25, 2008 payroll. All employees on the General and Longevity pay plans, in Schedules B, AB, AC, AD, AE, AF, AG, AI, AJ, AK, AL, AM, AN (permanent Legislative staff only), AO, AR, AS, and AT will receive the (approximate) 5.0% COLA.
- Market Comparability Adjustments
Market Comparability Adjustments (MCA's) were not approved by the Utah State Legislature for FY2009. No salary ranges will be adjusted.
- Merit Increases
Merit increases were not approved for FY2009.

- Discretionary Pay
Discretionary pay was not approved for FY2009.

Adjustment to Pay Plans for 5.0% COLA

The General and Longevity pay plans will be adjusted to reflect the 5.0% COLA. For example, the current value of Step 55 is \$22.36 but will increase to \$23.48 after application of the COLA. In order to maintain the 2.75% between steps, as required by state law, there may be some steps that do not receive exactly a 5.0% adjustment.

When pay rates are updated, the employee salary step on the pay plan will remain the same, but the value of the step will increase by approximately 5.0%. For example, an employee on Step 50, will remain on Step 50, but the value of the step will be worth an additional 5.0%. The salary increase will reflect on the July 25, 2008 payroll. The COLA is across-the-board, and will be processed automatically.

Employee Benefits

- The PEHP Preferred Care Plan is more costly than the two HMO options (Advantage Care and Summit Care), and Preferred Care premiums have not been sufficient to pay claim costs. In prior years, that funding gap was subsidized by the Summit and Advantage Plans. HB 4 corrected the inequity for FY2009. The plans will be priced correctly, and each will receive equal state funding. Employees pay the difference between the premium and the state contributions. The savings resulting from the Preferred Care premium structure change was used to fund the additional 2% COLA.
- Employees enrolled in PEHP Preferred Care will pay 26.91% of the adjusted premium. For FY2009, biweekly employee contributions will be: Single coverage \$62.53; Two-Party coverage \$128.92; Family coverage \$172.10.
- For FY2009, employees enrolled in the Advantage Care or Summit Care Plans will continue to pay 2% of the premium. The rates will not change for FY2009. The FY2008 rates will remain in effect: Single coverage \$3.50; Two-party coverage \$7.22; Family coverage \$9.64.
- Employees enrolled in the High-Deductible Health Plan, with the Health Savings Account (HSA), are not required to make any contributions for coverage. The State pays 100% of the premium for this plan. The High Deductible Health Plan has a deductible of \$1,100 for single coverage and \$2,200 for two-party and family coverage. The State will also make an annual contribution in the employee's behalf to the Health Savings Account of \$650 for single enrollees and \$1,300 for two-party and family enrollees. Employees can opt to contribute their own money to the HSA as well. Contributions to the HSA will be made each payroll period.
- The state contract with the Dental Select Plan will not be renewed for FY2009. ValueCare Dental will replace Dental Select. The dental plans available to state employees, effective July 1, 2008 are: PEHP Traditional Dental, PEHP Preferred Choice Dental, and ValueCare Dental (administered by Regence Blue Cross/Blue Shield of Utah).
- Biweekly employee contributions for ValueCare Dental in FY2009 will be: Single coverage \$0.00; Two-party coverage \$6.22; Family coverage \$8.79.

- Biweekly employee contributions for PEHP Traditional Dental in FY2009 will be: Single coverage \$6.45; Two-party coverage \$8.42; Family coverage \$12.06.
- Biweekly employee contributions for PEHP Preferred Choice Dental in FY2009 will be: Single coverage \$1.06; Two-party coverage \$1.35; Family coverage \$1.95.

HRE and Other Important Information

- The HRE system will go down at 5:00 p.m. on June 26, 2008, to run fiscal year end. The system will be operational again on June 30, 2008, at 8:00 a.m.
- Agency assignment, classification, and salary actions that are entered and approved prior to DHRM's shutdown of the system that have an effective date of June 28, 2008, or earlier, will process before the COLA. Note that assignment actions effective June 28, 2008, must be entered and approved on or before 5:00 p.m. on June 26. Pending actions will be deleted. Between June 30, 2008, and 5:00 pm on July 7, 2008, salary and assignment actions will be allowed with effective dates from June 14, 2008, and later. This will allow new hire, rehire, reappointment from register, and retroactive pay actions to be entered back to as early as June 14, 2008. Most other actions will not be allowed since most active employee records will have at least a COLA action effective June 28, 2008. Beginning July 8, 2008, no action will be allowed with an effective date before June 28, 2008.
- The 5.0% COLA for employees on Pay Rate Indicator 2 or 3 will be processed by DHRM. Since employees in this category are not on a step, their salary increase will be determined by adding 5.0% to their hourly rate, using simple rounding. In no case will the new hourly rate exceed the maximum hourly rate for the job classification. For example, an employee whose hourly rate before the COLA was \$19.75 and is in a job with a maximum hourly rate of \$20.00, would not receive the full 5.0% increase. Instead, they would receive a \$0.25 increase, taking the employee to the maximum of their salary range. If this is the desired outcome, then no action is necessary. If it is intended employees on Pay Rate Indicator 2 or 3 receive the full 5.0% COLA, the range maximum will need to be adjusted.
- Performance Evaluations should be entered prior to June 26, 2008. The absence of an employee's performance evaluation will not preclude him or her from receiving the COLA. Nevertheless, the annual practice of completing and entering evaluations into the HRE system should continue.